



# Expanding College Access and Affordability in the Commonwealth

January Report of the Higher Education Work Group  
Established by Governor Steven L. Beshear

**Kentucky**  
UNBRIDLED SPIRIT™

Submitted to Governor Steven L. Beshear  
by the Higher Education Work Group

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## TABLE OF CONTENTS

Executive Summary .....	4
Introduction .....	7
The Governor’s Higher Education Work Group.....	9
The Challenges to College Affordability in Kentucky .....	11
Challenge 1 .....	11
Recommendation 1 .....	12
Challenge 2.....	13
Recommendation 2A .....	14
Recommendation 2B .....	14
Recommendation 2C.....	14
Challenge 3.....	15
Recommendation 3 .....	15
Challenge 4.....	16
Recommendation 4A .....	16
Recommendation 4B .....	17
Recommendation 4C.....	17
Recommendation 4D.....	17
Challenge 5.....	18
Recommendation 5A .....	18
Recommendation 5B .....	18
Recommendation 5C.....	18
Challenge 6.....	19
Recommendation 6 .....	20
Challenge 7.....	21
Recommendation 7A .....	22
Recommendation 7B .....	22
Recommendation 7C.....	22
Recommendation 7D.....	22
Endnotes .....	23
Appendix A .....	24
Appendix B .....	27
Appendix C.....	29
Appendix D.....	30
Appendix E .....	33
Appendix F .....	34
Appendix G .....	35
Glossary .....	36

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## EXECUTIVE SUMMARY

Rising college costs are preventing many capable, motivated Kentuckians from pursuing advanced degrees and compromising Kentucky's ability to achieve the 2020 goals for postsecondary education. Kentucky's quality of life and future economic prosperity will be in jeopardy unless bold, decisive steps are taken to improve college affordability.

Governor Steven L. Beshear signed an Executive Order on October 21, 2008, establishing the Higher Education Work Group. The 25-member bipartisan work group—comprised of prominent business, education, and policy leaders—is charged with producing two reports in 2009, one on January 15 and one on September 1. This first report identifies a number of actions the Governor could take immediately to reduce college costs and improve efficiency in the system within current budget constraints. Additionally, the report recommends review of several key issues to inform the work of the HEWG moving forward.

### THE CHALLENGES TO COLLEGE AFFORDABILITY IN KENTUCKY

Making higher education more affordable will require a range of policy responses, short-term and long-term, direct and indirect. The recommendations offered in this report respond to concerns prominently voiced in testimony received by the Affordability Subcommittee during its November 19, December 2, and December 18 meetings, as well as by the subcommittee members themselves. These challenges, in abbreviated form, are listed below.

**Challenge 1:** Despite a significant public investment in state student aid programs over the past decade, tens of thousands of lower income Kentuckians who qualify for state grants do not receive aid because of lack of funds.

**Challenge 2:** There are numerous sources of state and federal financial aid to help students pay for college, but they can be difficult to access.

**Challenge 3:** Kentucky must improve performance in the area of transfer (two-year to four-year) to expand opportunities for students and increase degree production.

**Challenge 4:** Potential college students in Kentucky are confronted with an overwhelming amount of information from a variety of different sources on how to plan, apply, and pay for college.

**Challenge 5:** There are significant cost drivers other than tuition that influence what students are paying for college. While they do not receive the same level of scrutiny, these need to be addressed.

**Challenge 6:** Over half of full-time students at Kentucky's public universities do not graduate within six years. Those students who do earn degrees often end up accumulating many more credits than necessary, adding an unnecessary financial burden on the student and the state.

**Challenge 7:** Financial aid opportunities for working adults are limited and awareness of these benefits is low.

## THE RECOMMENDATIONS

The Higher Education Work Group recommends that the Governor consider the following specific steps to preserve and improve the affordability of postsecondary education in Kentucky and increase college access in the short term. These recommendations, in abbreviated form, correspond to the seven challenges previously identified.

### **Recommendation 1:**

Undertake a comprehensive review of Kentucky's state financial aid programs (both need and merit). Over the spring, a careful analysis of past studies and research on this topic should be conducted. A final report should include input from students, financial aid professionals, campus representatives, business representatives, and other interested parties, and would be due to the Higher Education Work Group by July 1, 2009. All or parts of the review may be conducted by a nationally recognized higher education policy organization or expert.

### **Recommendation 2:**

**2A.** Urge Congress and the federal government to greatly simplify the Free Application for Federal Student Aid (FAFSA) form and pledge that in return, Kentucky's postsecondary institutions and state financial aid agency will not adopt additional forms or requirements for need-based aid.

**2B.** Provide more direct assistance to help students and families complete the FAFSA form and access all sources of aid, which may include placing current and recent college students in high schools as "near peer" college mentors (similar to the National College Advising Corps model).

**2C.** Once the FAFSA form is simplified and state programs are in place to assist families in its completion, adopt a policy requiring all Kentucky resident degree-seeking students to submit a FAFSA as a condition of receipt of all institutional, state, and federal need-based and merit-based financial aid, including tuition waivers.

### **Recommendation 3:**

Direct the Council on Postsecondary Education and Kentucky's public postsecondary education institutions to provide a comprehensive report to the Affordability Subcommittee of the Higher Education Work Group on the state of transfer, including recommendations to substantially increase the number of successful transfer students from two-year to four-year institutions, by June 15, 2009. The report should evaluate compliance with the statute mandating a university track program [KRS 164.020(14)].

### **Recommendation 4:**

**4A.** Launch a Governor-led public service campaign to bring renewed public attention to the importance of a college education and of the state and federal resources that make college more affordable. Designate a College Access Month in Kentucky.

**4B.** Designate the Secretary of Finance to convene representatives of interested agencies and parties to integrate the state's existing college access Web sites and resources into one comprehensive, consumer-friendly site for prospective college students by December 31, 2009.

**4C.** Call on the Advisory Conference of Presidents to take the lead in providing more transparency to incoming students on how much they will actually pay for college, including annual tuition and fees, room and board, textbooks, transportation, and other expenses by July 15, 2009.

**4D.** Call on the CPE to take the lead in providing more transparency to taxpayers and public policy leaders about what it costs colleges and universities to educate a student (not the student price but the actual instructional cost to the institution). CPE should research how other states calculate instructional costs per full-time and possibly part-time degree-seeking students and work with the public institutions to develop an appropriate methodology. CPE will report back to the Affordability Subcommittee by June 1, 2009.

#### **Recommendation 5:**

**5A.** Call on the postsecondary education community, in partnership with relevant state agencies, to increase collaboration and participation in consortia and other joint agreements to contain costs and increase the system's purchasing power on various goods and services.

**5B.** Encourage public colleges and universities to expand campus employment opportunities for students for up to 20 hours per week, helping them contribute to the cost of their education.

**5C.** Introduce legislation or direct the CPE—with the consultation of postsecondary institutions, faculty, student government, campus bookstores, and textbook publishers—to issue recommended guidelines to lower college textbook costs and promote greater transparency and predictability for students and families around this issue.

#### **Recommendation 6:**

Call on the CPE, in cooperation with the leaders and faculty of the state's postsecondary education institutions, and in partnership with other stakeholder groups, to undertake a thorough review of time- and credit-to-degree issues in Kentucky and develop a set of program and policy recommendations to improve performance, including the role that online courses can play in addressing access and affordability. The review should examine the impact of developmental education on time- and credit-to-degree and propose strategies for reducing remediation. A comprehensive set of recommendations should be submitted to the HEWG by August 1, 2009.

#### **Recommendation 7:**

**7A.** Encourage businesses to provide educational benefits and assistance (e.g., tuition remission, contributions to college savings accounts, workplace college-level education offerings) to their employees to pursue postsecondary education. Provide incentives and publicly recognize or reward employers and employees who offer or use educational benefits to encourage other Kentuckians to follow their example.

**7B.** Call on the Secretary of Economic Development to convene the state's economic, business, education, and workforce development partners to review existing workplace education incentives, benefits, and programs, with the purpose of finding more innovative, creative ways to use existing resources.

**7C.** Encourage the CPE and postsecondary institutions to evaluate policies related to awarding credit for college-level experiential learning and use of credit by exam options.

**7D.** Create a highly visible link to educational benefits for veterans on the state's comprehensive college access Web site, and heavily promote the "new GI Bill" to eligible veterans when it goes into effect in August 2009. Allow military veterans to enroll at Kentucky public postsecondary institutions at resident tuition rates.

While these recommendations are an important first step, the second report, due September 1, will examine more substantive, complex issues surrounding college affordability, such as the balance between tuition and state support, higher education financing, institutional effectiveness and productivity, and state student financial aid.

## INTRODUCTION

Despite significant progress over the last decade, Kentucky's level of educational attainment remains below the national average. Only 22 percent of Kentucky's working-age adults (25-64) have at least a bachelor's degree, compared to 29 percent nationally.<sup>1</sup> The state's ability to increase the quality of life for its citizens and compete in a knowledge-based, global economy depends on our ability to close this educational attainment gap.

Under the leadership of former Governor Paul Patton, the Kentucky General Assembly passed the *Postsecondary Education Improvement Act of 1997* (House Bill 1), which put in motion a long-term strategic plan to accelerate the state's efforts to improve the quality of our postsecondary system and dramatically increase the number of Kentuckians going to college and earning degrees and credentials. A critical part of this equation was to help ensure that college was affordable for all Kentucky citizens. Innovations such as establishment of the Kentucky Educational Excellence Scholarship (KEES), and the dedication of nearly all of the lottery profits to either need- or merit-based financial aid, were important steps toward that essential objective.

Nevertheless, reform in the area of college affordability has veered off track. According to a 2005 college cost study commissioned by the Council on Postsecondary Education (CPE) and follow up analysis completed over the past year, college is becoming less affordable in Kentucky, particularly for low- to moderate-income families, part-time learners, and working adults. The driving forces behind this trend are declining state appropriations, rising tuition, increasing student debt levels, and stagnant state financial aid and wage growth. As a result:

**Kentucky is no longer a low-tuition state.** Tuition at Kentucky's public four-year colleges and universities has increased an average of ten percent per year over the last ten years, compared to seven percent in surrounding states. At community and technical colleges, the state's designated low-cost providers, tuition has increased about 12 percent annually over the same time period. According to the College Board, in 2007, the average tuition and fees at Kentucky's public universities were \$6,287, compared to the national average of \$6,185. At KCTCS, average tuition and fees were \$3,450, compared to the national average of \$2,361.

**Kentucky students and families are paying a larger share of higher education costs than ever before.** In 1998, two-thirds of public funding to postsecondary institutions came from the state, and about a third came from tuition revenue. Today, that ratio is about 50:50. Adjusting for inflation, state appropriations per full-time enrolled student have declined by over \$1,000 since 1998, while tuition per full-time enrolled student has increased by about \$2,900.



*College is becoming less affordable in Kentucky, particularly for low- to moderate-income families, part-time learners, and working adults.*

**Student loan debt in the U.S. has more than doubled over the last decade.**

According to the Project on Student Debt, about two-thirds of all bachelor's degree students in Kentucky graduate with debt—an average of \$17,000 total upon graduation, compared to about \$19,000 nationally.<sup>2</sup> Private loans, which tend to have higher interest rates than federal student loans, now account for about 23 percent of loan dollars, up from seven percent a decade ago.<sup>3</sup> The debt students accumulate in college is a particular problem in Kentucky given the state's relatively low income levels.

**Rising tuition has outpaced more modest increases in federal and state financial aid.**

In ten years, the maximum federal Pell grant award for low-income students has increased by only \$800—from about \$3,500 to \$4,300 per year.<sup>4</sup> While state financial aid has grown significantly over the past decade, Kentucky Lottery proceeds, which fund these programs, are not projected to increase fast enough to offset future demand for aid.

**Kentucky's per capita income as a percent of U.S. per capita income has declined slightly,**

from about 82 percent in 1998 to about 80 percent in 2007.<sup>5</sup> Factoring in inflationary increases, the purchasing power of most Kentucky families and individuals has actually decreased over the last decade.

Paying for college in Kentucky is increasingly a challenge for thousands of capable, motivated students and families. Achievement of the 2020 postsecondary reform goals and, more importantly, Kentucky's future economic prosperity, will be in jeopardy unless bold, decisive steps are taken to improve college affordability.

***Kentucky's future economic prosperity will be in jeopardy unless bold, decisive steps are taken to improve college affordability.***

## THE GOVERNOR'S HIGHER EDUCATION WORK GROUP

To ensure that any Kentuckian with the ability and desire to succeed is not denied access to a college education because of cost, Governor Steven L. Beshear signed an Executive Order (2008-1109) on October 21, 2008, establishing the Higher Education Work Group (HEWG). This bipartisan work group—co-chaired by Mira Ball of Lexington and Pete Mahurin of Bowling Green and comprised of prominent business, education, and policy leaders—was charged with producing two reports in 2009, one on January 15 and one on September 1. Pursuant to the Governor's Executive Order, this first report identifies a number of actions the Governor could implement immediately to reduce college costs and improve efficiency in the system within current budget constraints. Additionally, this report recommends review of several key issues to inform the work of the HEWG moving forward.

This report reflects the work of the HEWG's Affordability Subcommittee, chaired by Secretary of Finance and Administration Jonathan Miller. The subcommittee met four times between November and January to hear testimony from national and state experts and to identify and prioritize recommendations for short-term action. A Student Advisory Committee and a Presidents' Advisory Committee were formed to provide general guidance and policy direction, and they will continue to meet throughout the process. Kentucky's Coalition of Senate and Faculty Leadership (COSFL) also provided initial suggestions. The recommendations of these groups pertaining to the first report are included in the Appendix.

The second report, due September 1, will be a more thorough, comprehensive undertaking by the Affordability Subcommittee and the Strategic Planning Subcommittee, which met for the first time on December 18 and is chaired by Larry Hayes, Executive Secretary of the Governor's Cabinet. The September report will focus on two objectives:

**1.) Moving the state closer to the goal of ensuring access to postsecondary education for all Kentucky students, of all income levels.**

**2.) Developing a clear roadmap for reaching the level of state funding needed between now and 2020 for the institutions to achieve the goals of reform.** This roadmap should ensure transparency and fairness in determining state support and provide that, in exchange for stable and increased funding, the CPE and the institutions would continue to increase productivity and back away from the high rate of tuition increases adopted in the last decade.



***This first report identifies a number of actions the Governor could implement immediately to reduce college costs and improve efficiency in the system within current budget constraints.***



*Achieving these objectives will likely require the postsecondary system to step outside traditional models and practices and consider new ways to operate that increase college access and success, maintain quality, and control costs.*

Achieving these objectives will likely require the postsecondary system to step outside traditional models and practices and consider new ways to operate that increase college access and success, maintain quality, and control costs. The current fiscal environment, though challenging, provides a powerful incentive for innovation and change. Now is the time to ask:

**Are the state's limited financial aid resources being used in the most effective way?**

**Are there new instructional and operating models that have been used successfully in other states?**

**Are there new approaches to financing postsecondary and adult education that can be explored that better align funding with performance?**

## THE CHALLENGES TO COLLEGE AFFORDABILITY IN KENTUCKY

In the information and testimony provided to the HEWG, a number of challenges to college affordability emerged. While some are direct (e.g., price increases in tuition, fees, and textbooks), others are more indirect (e.g., increases in the time it takes a typical student to graduate or inefficiencies in the transfer system). Making higher education more affordable will require a range of policy responses, short-term and long-term, direct and indirect. Though by no means comprehensive, the following challenges and recommendations represent the group's initial effort to suggest immediate, specific steps that could be taken to increase college access in the short term.

The recommendations in this report do not address the balance between public support of postsecondary education and student tuition and fees. The ideal relationship between appropriations and tuition will be addressed by the Strategic Planning Subcommittee, and recommendations will be considered in the final report of the Higher Education Work Group in September.

### **Challenge 1: Despite a significant public investment in state student aid programs over the past decade, tens of thousands of lower income Kentuckians who qualify for state grants do not receive aid because of lack of funds.**

With the passage of Senate Bill 21, Kentucky leaders took the bold step of dedicating nearly 100 percent of lottery proceeds to student financial aid to encourage more Kentuckians to go to college. The legislation created the Kentucky Educational Excellence Scholarship program (KEES), modeled on Georgia's popular HOPE merit scholarship program, and at the same time dramatically increased funding for Kentucky's two need-based programs, the College Access Program (CAP) and the Kentucky Tuition Grant Program (KTG). With phased-in funding from lottery proceeds, Kentucky's General Fund investment in student aid has increased 240 percent, from \$27.6 million in 1998 to \$93.3 million in 2007. As Sandy Baum, Senior Policy Analyst at the College Board and Professor of Economics at Skidmore College, noted in her presentation to the Affordability Subcommittee on December 2, Kentucky is now one of the leading states in need-based aid funding per recipient.

Despite this very strong effort, about 45,000 students (nearly 47 percent of all applicants) qualified for CAP or KTG in 2008 but did not receive grants due to lack of state funding, according to KHEAA's presentation to the subcommittee on November 19. Lottery funding is now fully phased in, so additional resources or adjustments in current programs will be needed not only to provide funding to eligible students left out, but also to allow increases in awards and keep up with rising college costs.

*This report does not address the balance between public support of postsecondary education and student tuition and fees. This will be considered in the September report.*



*There is broad consensus among members that it is time for a review of state financial aid program and policies to determine whether they are adequately meeting the needs of Kentucky students.*

Given the short time frame between the initial meeting of the HEWG and the due date for this first report, there has been limited opportunity to evaluate the complex issues surrounding state financial aid and provide detailed recommendations. However, there is broad consensus among the members that it is time for a review of state financial aid programs and policies to determine whether they are adequately meeting the needs of Kentucky students and achieving their intended goals.

#### **Recommendation 1:**

**Undertake a comprehensive review of Kentucky's state financial aid programs (both need and merit) to assure the system adequately meets the financial needs of students (adult and traditional age), encourages both access and success, promotes retention and completion, appropriately rewards merit, is transparent and well understood, helps maintain access to a range of postsecondary education providers, and provides students and families early in a student's K-12 career with a clear assurance that funding will be made available.**

**A final report should include input from students, financial aid professionals, campus representatives, business representatives, and other interested parties, and would be due to the Higher Education Work Group by July 1, 2009. All or parts of the review may be conducted by a nationally recognized higher education policy organization or expert and may include the following issues:**

- a detailed analysis of the KEES, CAP, and KTG programs to determine if they are achieving their original objectives, and whether program changes may be needed to create a more effective state financial aid system. The analysis should consider the retention and graduation rates of aid recipients.
- a review of Kentucky's tuition tax credit program to determine its effectiveness in meeting the state's goals of improved college access and affordability.
- an assessment of student aid policy proposals from the Kentucky Chamber of Commerce, legislators, the financial aid community, and other relevant parties.
- an evaluation of best practices in other states to determine whether new programs and services are required to assure Kentucky is addressing the financial needs of those students most affected by rising college costs, including adult learners.
- a review of efficiencies that could be achieved among college affordability and outreach programs at various state agencies, with recommendations for streamlining functions, programs,

and services.

- a review of the extent to which “scholarship stacking” occurs (when students are awarded financial aid packages—including waivers and merit-and need-based aid—in excess of the total cost of attendance) to determine if policies are needed to eliminate this practice.
- an assessment of the feasibility of offering financial assistance for textbooks, which could be in the form of state tax credits or emergency vouchers.
- an assessment of the feasibility of offering statutory economic incentives for Kentucky businesses that create new jobs and/or add capital investment. These incentives may take the form of tax credits for college tuition paid by businesses for its employees, dependent upon the number of new jobs or the amount of new investment.
- a compilation of all recent Kentucky studies conducted on postsecondary education and student financial aid, to be provided by the CPE to the Affordability Subcommittee.

**Challenge 2: There are numerous sources of state and federal financial aid to help students pay for college, but they can be difficult to access. The Free Application for Federal Student Aid (FAFSA) is lengthy, complicated, and difficult to complete. Minority, low-income, first-generation, and adult college students need more intensive help to connect them with the information and resources they need.**

There is widespread agreement that the current Free Application for Federal Student Aid (FAFSA) is a barrier to college access. According to the testimony of Dr. Baum to the subcommittee, the FAFSA is longer than the federal tax form, complex, intimidating in tone, and requires a great deal of personal and family financial information that can be difficult to track down.

A recent study estimates that about 1.5 million college students in the U.S. who were likely eligible for a federal Pell grant did not apply for aid in 2004.<sup>6</sup> According to KHEAA analysis, 42 percent of undergraduate students enrolled in Kentucky public and independent two-year and four-year institutions in 2007 did not complete a FAFSA, while about a quarter of full-time students and two-thirds of part-time students did not file. In her December 2 presentation to the subcommittee, Dr. Baum advocated for a simplified aid system that would be less bureaucratic and more transparent for students who may be missing out on crucial resources that could place a college education within their reach.

There have been a number of proposals to streamline the FAFSA in recent years. One would shorten the form from five pages to two; increase access to the online application, which notifies applicants of potential problems or errors before the form is submitted; and

***The FAFSA is longer than the federal tax form, complex, intimidating in tone, and requires a great deal of personal and family financial information that can be difficult to track down.***

encourage better coordination between the IRS and the U.S. Department of Education. With something as simple as a check box, FAFSA filers could give their permission to access the necessary income information directly from the IRS, resulting in a shorter, easier, and more accurate process.<sup>7</sup> But until the problem is addressed at the federal level, more must be done to ensure needy students are accessing all aid that is currently available to them.

Executive Director Dr. Nicole Hurd testified to the subcommittee on December 18 about the National College Advising Corps, a program that places recent college graduates in low-income high schools as college advisers. Alongside guidance counselors, these advisers provide students with one-on-one encouragement and help to complete college and financial aid applications. This is just one example of an approach Kentucky could take to ensure more students are taking advantage of federal, state, and institutional aid programs.

### **Recommendation 2:**

**2A. Urge Congress and the federal government to greatly simplify the FAFSA form and pledge that in return, Kentucky's postsecondary institutions and state financial aid agency will not adopt additional forms or requirements for need-based aid.**

**2B. To lessen the burden of this requirement, provide more direct assistance to help students and families complete the FAFSA form and access all sources of aid.**

Possible actions include:

- Creating a partnership with the state's tax preparation community and other interested and qualified parties to provide assistance to students and families in filling out the FAFSA and accessing state and federal grants and tax credits, utilizing a wide variety of communications efforts such as online social networking.
- Piloting a program similar to the National College Advising Corps that would place college students and recent college graduates in high schools as "near peer" mentors, particularly in those schools with high poverty and low college going rates.

**2C. Once the FAFSA form is simplified and state programs are in place to assist families in its completion, adopt a policy requiring all Kentucky degree-seeking students to submit a FAFSA as a condition of receipt of all institutional, state, and federal need-based and merit-based financial aid, including tuition waivers.**

**Challenge 3: Increasing the number of transfer students from KCTCS who go on to earn a bachelor's degree is a key strategy in achieving state goals and could lower the cost of college for thousands of students. While transfers have been increasing, Kentucky must step up progress in this area to expand opportunity for students and increase degree production.**

Increasing transfer from two-year to four-year institutions is a key strategy in the state's plan to increase educational attainment to the national average by 2020. While the Subcommittee did not have an opportunity to review transfer in much detail during its first months of work, a number of questions and concerns were raised by members of the subcommittee and by KCTCS President Mike McCall during his December 18 presentation.

Legislation passed in 1996 and amended in 1997 mandated that CPE develop a university track program within KCTCS consisting of 60 hours of instruction that could be transferred to an in-state public university and applied toward a bachelor's degree. Ongoing work at the state level and on campuses has strengthened collaboration, improved advising, and created new tools to assist students in the transfer process. However, barriers remain.

For many students, beginning postsecondary education at KCTCS and completing at a four-year college or university is not only a sound academic decision, but an economical one. It is in the state's best interest to ensure the pathways from two-year to four-year institutions and between four-year institutions are clearly marked and easy to navigate. In his comments to the subcommittee during the December 18 meeting, Senator Tim Shaughnessy noted inconsistencies and a lack of standardization in how KCTCS courses and degree programs currently interact with the state's four-year programs. These concerns must be addressed.

### **Recommendation 3:**

**Direct the CPE and Kentucky's public postsecondary education institutions to provide a comprehensive report to the Affordability Subcommittee of the Higher Education Work Group on the state of transfer, including recommendations to substantially increase the number of successful transfer students from two-year to four-year institutions, by June 15, 2009.**

The report would:

- identify barriers to successful transfer from two-year to four-year institutions and between four-year colleges;
- evaluate compliance among members of the state postsecondary system with the mandate of a university track program as outlined in KRS 164.020(14);



***For many students, beginning postsecondary education at KCTCS and completing at a four-year college or university is not only a sound academic decision, but an economical one.***

- clearly define “transfer student” for the purposes of assessing progress; and
- review best practices and policy solutions from other states and propose recommended changes.

**Challenge 4: Potential college students in Kentucky are confronted with an overwhelming amount of information from a variety of different sources on how to plan, apply, and pay for college. Students and families unfamiliar with the application and financial aid process find it difficult to navigate and often become discouraged. Many students overestimate the actual cost of college and are not aware of the state, federal, and institutional assistance that can make college more affordable.**

According to a November 2008 study by the Institute for Higher Education Policy, many academically qualified students do not go to college due to insufficient financial aid, mixed messages about academic preparation, poor understanding of admission and financial aid application processes, and overestimation of college costs.<sup>8</sup> The report mirrors the findings of many other studies highlighting the need for increased awareness of college costs and of the types of financial aid available. This information should be easy to locate and understand, and presented in sequential, concrete steps. Otherwise, students unfamiliar with the college application and financial aid process may become discouraged and opt out of college.

***Many students overestimate the actual cost of college and are not aware of the state, federal, and institutional assistance that can make college more affordable.***



On November 19 and December 2, the subcommittee received extensive testimony on college outreach and communications efforts that have been targeted to a variety of student populations. These include the Go Higher Kentucky campaign and highly functional Web site ([www.gohigherky.org](http://www.gohigherky.org)); numerous outreach activities, including regional and mobile field staff, and publications developed and provided by the Kentucky Higher Education Assistance Authority and the Kentucky Higher Education Student Loan Corporation (*Getting In, The College Circuit, Affording Higher Education, Adults Returning to School*, and newsletters to all Kentucky families, middle and high school counselors, and adult education providers); Gear Up Kentucky, an early college awareness program for middle and high school students; the Kentucky College Access Network ([www.kentuckycan.org](http://www.kentuckycan.org)); and Kentucky’s newest campaign, KnowHow2Go ([www.knowhow2go.org](http://www.knowhow2go.org)), a partnership with the American Council on Education and the Lumina Foundation. These state-level messages and campaigns each make positive contributions, but a lack of coordination has led to an overlap in messages, potential inefficiencies in administration, and possible confusion among brands.

#### **Recommendation 4:**

**4A. Launch a Governor-led public service campaign to bring renewed public attention to the importance of a college education and of the state and federal resources**

that make college more affordable. The Governor should designate a College Access Month in Kentucky tied to a series of events, PSAs, online networking opportunities, and other promotions to raise the visibility of financial aid programs and application deadlines and encourage more Kentuckians to go to college.

**4B. As part of the Governor's efforts, designate the Secretary of Finance to convene representatives of KHEAA/KHESLC, CPE, colleges and universities, KDE, AIKCU, the Commonwealth Office of Technology, the Governor's new OpenDoor Web site, and other interested parties to integrate the state's existing college access Web sites and resources into one comprehensive, consumer-friendly site for prospective college students by December 31, 2009. Special sections of the site should prominently address the needs of military families, adults returning to school, online learners, and transfer students.**

**4C. Provide more transparency to incoming students on how much they will have to pay for college, including tuition and fees, room and board, textbooks, transportation, and other expenses.**

By July 15, 2009, call on the Advisory Conference of Presidents to:

- Develop a standardized methodology for public universities to use when calculating "total cost of attendance."
- Publicize and explain the difference between the published cost of attendance ("sticker price") and the discounted cost most students and families actually pay for their education.
- Provide appropriate college cost and expenditure data to the comprehensive statewide college access Web site, the new OpenDoor Web site, and other Web sites and publications aimed at prospective college students.

**4D. Provide more transparency to taxpayers and public policy leaders about what it costs colleges and universities to educate a student (not student price, but actual instructional costs per full-time and possibly part-time degree-seeking students). Call on the CPE to research how other states calculate instructional costs and work with the public institutions to develop an appropriate methodology. CPE will report back to the Affordability Subcommittee by June 1, 2009.**



**Challenge 5: While much attention is paid to keeping tuition affordable, tuition and fees actually account for less than half (20-40 percent) of a student's full cost of attendance. There are other, significant cost drivers that influence what students are paying for college that do not receive the same level of scrutiny but that need to be addressed.**

In 2007-08, the total cost of attendance for in-state, full-time students at public institutions was about \$13,900 at KCTCS, \$14,600 at the comprehensive universities, and over \$18,400 at the research universities. Room and board accounts for 40-50 percent of these totals. In addition, the price of college textbooks—with the proliferation of new editions, CD-ROMs, and other supplemental materials—now accounts for more than five percent of the cost of attendance at public four-year institutions.

In response, several states are looking at innovative ways to realize greater cost savings. In Maryland, colleges streamlined some administrative procedures to provide more money for academic priorities. The system leveraged its buying power by purchasing electricity as a group, not campus by campus, with savings estimated at ten to 15 percent or \$5 million over the three-year life of the contract. Another \$5 million will be saved over five years through a new agreement with Microsoft.<sup>9</sup>

The Student Advisory Committee focused its efforts on actions that could be taken to increase the affordability of college textbooks. In their research, the committee found that 28 states introduced legislation in 2008 related to this issue, proposing measures like providing more cost information to faculty making textbook selections or requiring schools to include textbook requirements with course descriptions at registration.<sup>10</sup>

#### **Recommendation 5:**

**5A. Call on the CPE to work with public universities, KCTCS, independent colleges and universities, the Finance Cabinet, and other relevant state agencies to increase collaboration and participation in consortia and other joint agreements to contain costs and increase the system's purchasing power on various goods and services.**

**5B. Encourage public colleges and universities to expand on-campus employment opportunities for students for up to 20 hours per week, helping them contribute to the cost of their education.**

**5C. Introduce legislation or direct the CPE—with the consultation of postsecondary institutions, faculty, student government, campus bookstores, and textbook publishers—to issue recommended guidelines to lower college textbook costs and promote greater transparency and predictability for students and families around this issue.**



These may include:

- provisions to improve the timeliness of textbook adoptions, such as a requirement for colleges and universities to post required textbooks with ISBNs online at least 30 days prior to the start of class.
- provisions for publishers to sell “bundled” components (workbooks, CD-ROMs, and other supplemental materials) individually, and to publish a summary of the differences between textbook editions to help faculty determine if new editions are necessary.

**Challenge 6: Less than half of full-time students at Kentucky’s public universities graduate within six years, and only 17 percent of KCTCS students complete an associate degree in three years. Those students who do earn degrees often end up accumulating many more credits than necessary, adding an unnecessary financial burden on the student and the state.**

The amount of time and number of academic credits it takes to earn a degree are key indicators of student and institutional success and were issues of considerable interest to the subcommittee. Not completing a two-year or four-year degree in a timely manner, or at all, can have profound financial implications for students and their families, as well as for Kentucky taxpayers. While the graduation rate for Kentucky’s public universities is improving (in 1998, 39 percent of full-time students graduated within six years compared with 47 percent in 2006), the system’s performance continues to trail regional and national averages. In 2007-08, Kentucky’s bachelor’s degree recipients on average had earned 142 credit hours at graduation, 18 percent more than a typical 120-hour requirement; associate degree recipients on average had earned 93 credit hours, 50 percent more than a typical 60-hour requirement.

There are a variety of factors that contribute to the amount of time it takes to earn a degree. Many students balance significant work and/or family responsibilities with school (especially adult learners); change majors or educational goals; withdraw from courses excessively; receive limited academic advising; or stop in and out several times due to personal or financial concerns. The average number of credit hours required for most bachelor’s degree programs has also crept up. While a typical credit-hour requirement for bachelor’s degree programs is around 120, five Kentucky universities now require at least 128 hours. Remedial needs, which contribute to the time and number of credits it takes to earn a degree, may grow as enrollment grows and as transfers increase. One thing is certain: Kentucky will not reach its educational attainment goals until the percentage of students earning degrees and graduating in a timely manner significantly improves.



***Kentucky will not reach its educational attainment goals until the percentage of students earning degrees and graduating in a timely manner significantly improves.***

Dual credit and enrollment programs, which offer qualified students the opportunity to earn college credit while still in high school, could be a way to shorten time-to-degree. On December 18, KCTCS president Dr. Mike McCall presented the subcommittee with a pilot project that would allow 500 high school students interested in business administration or information technology to earn credit leading to an associate degree through online programs offered by KCTCS. This is just one example of a strategy that could be employed.

**Recommendation 6:**

**Call on the CPE, in cooperation with the leaders of the state's postsecondary education institutions, and in partnership with other stakeholder groups, to undertake a thorough review of time- and credit-to-degree issues in Kentucky and develop a set of program and policy recommendations to improve performance, including the role that technology and online courses can play in addressing issues of access and affordability. A comprehensive set of recommendations should be submitted to the HEWG by August 1, 2009.**

The report may include, but not be limited to:

- an evaluation of best practices to accelerate degree completion, including expanded use of technology in face-to-face course delivery, online courses and programs, dual credit/enrollment options for high school and community and technical college students, and credit for prior learning.
- an evaluation of best practices in other states to improve retention and degree completion, with particular attention to the needs and challenges of first-generation students, adult learners, and minority students.
- a review of course completion data, with suggested strategies for institutions to minimize the negative effects of "course shopping" and excessive withdrawals.
- a review of credit hours earned at both two-year and four-year institutions, with suggested strategies to curb increasing program credit requirements and unnecessary credit accumulation.
- A review of the impact of developmental education on time- and credit-to-degree, with proposed strategies for reducing remediation.
- Recommendations to encourage graduation within four years, which may include providing proper counseling at registration and tutorial support to assure students can complete coursework within four years. Perhaps offer financial incentives for four-year graduation, such as capping tuition and fee increases for those students. (This may be determined by the Strategic Planning Subcommittee in its evaluation of the relationship between state funding and tuition setting.)

**Challenge 7: Financial aid opportunities for working adults are limited and awareness of these benefits is low. The work and family demands faced by adults require more flexibility in how and when educational programs are offered. The new Post-9/11 GI Bill, which goes into effect August 1, 2009, expands educational benefits for service men and women, presenting Kentucky with a tremendous opportunity to enroll more military veterans in college.**

According to the December 18 testimony of Representative Carl Rollins, Chair of the Adult Learning Initiative's Work Group on Financial Aid for Adult Learners, Kentucky has about 500,000 working-age adults who have been to college but have not received a bachelor's degree. There are many more adults without a high school diploma or GED that could, with some assistance, earn that credential and transition to college. Adults who are thinking about going back to college confront barriers that can easily overwhelm or discourage them. They often attend college part-time or less than part-time, which limits their financial aid options. They may make the decision to return to college in August, only to find that many financial aid programs have been tapped out. And middle-income adults who do not qualify for need-based aid may be unable to manage the extra expense of college tuition, fees, books, and other incidentals.

There are a number of strategies that can ease the financial burden on working adults and make college more affordable. Credit for prior learning, including credit by exam options (such as the College Level Examination Program, or CLEP), can make postsecondary education more accessible and create an incentive for adults to further their education. Passing a CLEP examination can earn students from three to 12 hours of college credit for a cost of about \$70. Businesses also can be a substantial financial aid resource for working adults; tuition assistance programs can increase employee retention and lead to a more knowledgeable, productive workforce. Several states like Illinois and Maine have promoted lifelong learning accounts, where employee contributions, matched by employers or state government, are used to pay for a variety of educational expenses.

On December 2, the subcommittee heard presentations from Col. Charles Jones and CPT Bryan Combs of the Kentucky National Guard, and Sgt. Pam Cypert of the Kentucky Department of Veterans Affairs. They testified that Kentucky soldiers returning from Afghanistan and Iraq represent a large pool of potential college students in Kentucky. The Post-9/11 Veterans Educational Assistance Act of 2008 (the "new GI Bill") will enhance financial assistance for service men and women to continue their education, but information about these new benefits must be easy to find, understand, and use. National focus group findings confirm that veterans are often unaware of the specifics of their educational benefits and even less aware of the national, state, and campus programs designed to meet their specific needs.<sup>11</sup>



***Businesses can be a substantial financial aid resource for working adults; tuition assistance programs can increase employee retention and lead to a more knowledgeable, productive workforce.***



Kentucky should pursue a number of programs and practices to make college more affordable and accessible to adults.

**Recommendation 7:**

**7A. Encourage businesses to provide educational benefits and assistance (e.g. tuition remission, contributions to college savings accounts, workplace college-level education offerings) to their employees to pursue postsecondary education. Provide incentives and publicly recognize or reward employers and employees who offer or use educational benefits to encourage other Kentuckians to follow their example.**

**7B. Call on the Secretary of Economic Development to convene the state's economic, business, education, and workforce development partners to review existing workplace education incentives, benefits, and programs, with the purpose of finding more innovative, creative ways to use existing resources.**

**7C. Encourage the CPE and the postsecondary institutions to evaluate policies related to awarding credit for college-level experiential learning and various exam options. For example, CLEP, used extensively by military personnel and other adult learners, is a low-cost alternative to rising college tuition and can accelerate time to degree.**

**7D. Provide greater support for U.S. servicemen and women by creating a highly visible link to educational benefits for veterans and active duty personnel on the state's comprehensive college access Web site, heavily promoting the "new GI Bill" when it goes into effect in August 2009. Allow military veterans to enroll at Kentucky public postsecondary institutions at resident tuition rates.**

## ENDNOTES

1. Educational attainment statistics for Kentucky adults from the American Community Survey, U.S. Census Bureau, as reported in *Measuring Up 2008: The State Report Card on Higher Education*. National Center for Public Policy and Higher Education, 2008.
2. As reported by the Project on Student Debt, an initiative of the Institute for College Access and Success, using data from Peterson's undergraduate financial aid databases, 2007 (<http://projectonstudentdebt.org>).
3. Nonfederal student loans grew rapidly for most of the decade, increasing from seven percent of education loans in 1997-98 to 23 percent in 2005-06. Private loan volume declined slightly in inflation-adjusted dollars in 2007-08, but still represents 23 percent of the total loan volume, as reported in "Trends in Student Aid 2008," by The College Board.
4. The value of the maximum Pell Grant in 2007 dollars rose from \$3,504 to \$4,626 between 1997-98 and 2002-03. It then declined to \$4,146 in 2006-07, and increased to \$4,310 in 2007-08, as reported in "Trends in Student Aid 2008," by The College Board.
5. Kentucky's per capita income is now \$21,951, as reported by the U.S. Census Bureau, 2007 American Community Survey.
6. King, Jacqueline. *Missed Opportunities: New Information on Students Who Do Not Apply for Financial Aid*. American Council on Education, 2006.
7. Asher, Laura. "Going to the Source: A Practical Way to Simplify the FAFSA." Institute for College Access and Success, March 2007.
8. Hahn, Ryan D. and Derek Price, Ph.D. "Promise Lost: College-Qualified Students Who Don't Enroll in College." Institute for Higher Education Policy, November 2008.
9. Mills, Kay. "Effectiveness and Efficiency: The University System of Maryland's Campaign to Control Costs and Increase Student Aid." National Cross Talk, a Publication of the National Center for Public Policy and Higher Education, Spring 2006.
10. The National Association of College Stores has been tracking state legislation related to college and university textbooks. These can be accessed on their Web site: [www.nacs.org/news/statebills.asp](http://www.nacs.org/news/statebills.asp).
11. American Council on Education. "Serving Those Who Serve: Higher Education and America's Veterans." November Issue Brief 2008.

## APPENDIX A: HIGHER EDUCATION WORK GROUP EXECUTIVE ORDER



STEVEN L. BESHEAR  
GOVERNOR

### EXECUTIVE ORDER

Secretary of State  
Frankfort  
Kentucky

2008-1109  
October 21, 2008

#### RELATING TO ESTABLISHMENT OF THE HIGHER EDUCATION WORK GROUP

WHEREAS, this Administration believes that no citizen of the Commonwealth, who has the drive and ability to succeed, should be denied access to the benefits of a college education simply because of his or her inability to pay for it; and

WHEREAS, the attainment of a college degree has been demonstrated as a leading indicator of a higher quality of life, better employment opportunities and higher income levels; and

WHEREAS, a college-educated populace can attract the high-tech jobs of the future to the Commonwealth; and

WHEREAS, the Kentucky Postsecondary Education Improvement Act of 1997 ("House Bill 1"), as codified at KRS 164.003(2)(a), called for "a seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life," and

WHEREAS, it is the desire of this Administration to conceive and implement an immediate plan of action that ensures college affordability and access for more of our citizens; and

WHEREAS, it is the desire of this Administration to ensure that the ambitious goals for postsecondary reform outlined in House Bill 1 are fully realized by 2020; and

WHEREAS, it will require the thoughts, ideas, and interaction of all facets of state government, the educational community, and the private sector to come up with this plan that capitalizes on promising ideas already promulgated, and blends them in with new and emerging ideas, to result in a feasible and implementable plan:

NOW, THEREFORE, I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority vested in me by Section 12.029 of the Kentucky Revised Statutes, do hereby ORDER and DIRECT the following:

1. There is hereby created and established the "Higher Education Work Group" ("Work Group"). The Work Group shall be administratively attached to the Finance and Administration Cabinet. The Finance and Administration Cabinet shall provide administrative support to the Work Group. Policy and research staffing, and other support, shall be provided primarily by the Council on Post-Secondary Education.
2. The mission of the Work Group shall be as follows:
  - a) By January 15, 2009, the Work Group shall deliver to me a plan of action, including any recommended executive measures and legislative proposals that would, within current budget constraints, promote coherency and efficiency in the delivery of financial aid; and potentially secure cost



STEVEN L. BESHEAR  
GOVERNOR

EXECUTIVE ORDER

Secretary of State  
Frankfort  
Kentucky

2008-1109  
October 21, 2008

savings that could be shifted to provide more financial aid for low to middle-income students. Any aspects of the plan needing legislative authority will then be immediately disseminated to the General Assembly with the intention of enacting its provisions in the 2009 Regular Session of the General Assembly.

- b) By September 1, 2009, the Work Group shall deliver to me a plan of action, including any executive measures and legislative proposals that would:
  - i) Move the state closer toward the goal of ensuring access to higher education to all Kentucky students, of all income levels; and
  - ii) Develop a clear roadmap for reaching the level of state funding needed between now and 2020 for the institutions to achieve the goals of House Bill 1 from 1997. This roadmap should ensure transparency and fairness in determining state support, and the institutions would continue to increase productivity and scale back from the high rate of tuition increases adopted in the last decade.

Any aspects of the plan needing legislative authority will then be disseminated to the General Assembly with the intention of enacting its provisions in the 2010 Regular Session of the General Assembly.

- 3. The membership of the Work Group shall consist of the following who are hereby appointed to serve by this Order:
  - a) Joan Coleman, President, AT & T Kentucky, Louisville;
  - b) Gary Cox, President of the Association on Independent Colleges and Universities of Kentucky;
  - c) Richard Crofts, Interim President, Council on Postsecondary Education;
  - d) Edward Cunningham, CEO, Kentucky Higher Education Assistance Authority;
  - e) David Grissom, Chairman, Mayfair Capital, Louisville;
  - f) Jean Hale, Chairman & CEO & President, Community Trust Bank Corp., Pikeville;
  - g) Larry Hayes, Secretary of the Governor's Executive Cabinet and Acting Secretary, Cabinet for Economic Development;
  - h) Ed Holmes, President, EHI Consultants, Lexington;
  - i) Alice Houston, President & CEO, Houston-Johnson, Inc., Louisville;
  - j) Ronnie James, President & CEO, James Marine, Paducah;
  - k) Robert Lekites, President of UPS Airlines, Louisville;
  - l) Jonathan Miller, Secretary, Finance and Administration Cabinet;
  - m) Helen Mountjoy, Secretary, Education and Workforce Cabinet;
  - n) Jim O'Brien, Chairman & CEO, Ashland Oil, Covington;
  - o) The Honorable Paul Patton, former Governor, Pikeville;
  - p) Ben Richmond, President, Louisville Urban League;
  - q) Steve St. Angelo, President, Toyota Kentucky, Georgetown; and
  - r) Vic Staffieri, CEO, Chairman & President of EON, Louisville.



STEVEN L. BESHEAR  
GOVERNOR

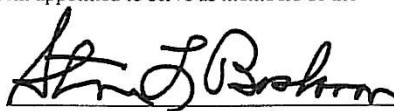
EXECUTIVE ORDER

2008-1109  
October 21, 2008

Secretary of State  
Frankfort  
Kentucky

4. The Co-Chairs of the Work Group shall be Mira Ball, Chief Financial Officer, Ball Homes, Lexington; and Pete Mahurin, Senior Vice President, Hilliard Lyons, Bowling Green. The Work Group shall meet upon the call of the co-chairs. Members of the Work Group shall serve without compensation, but shall be reimbursed their out-of-pocket expenses.
5. The Work Group shall request the participation of four (4) Members of the Kentucky General Assembly, asking each of the following legislative leaders to designate one (1) member from their respective chambers to serve on the Work Group: the President of the Senate, the Speaker of the House, the Minority Leader of the Senate, and the Minority Leader of the House. The Work Group shall request the participation of the Honorable Crit Luallen, the Auditor of Public Accounts.
6. There shall be two (2) subcommittees formed within the Work Group: an Affordability Subcommittee, which will focus on efforts to make postsecondary education more affordable for Kentucky citizens and a Strategic Planning Subcommittee, which will focus on developing a clear roadmap on reaching the reform goals by 2020, as outlined in House Bill 1. These subcommittees shall report to the full Work Group in a fashion that will allow sufficient time for the full Work Group to meet its reporting deadlines as set out in Section 2 above.
7. The Affordability Subcommittee shall be chaired by the Secretary of Finance and Administration, and the Strategic Planning Subcommittee shall be chaired by the Secretary of the Governor's Executive Cabinet. The Subcommittees shall meet upon the call of the Subcommittee Chairs.
8. Members of the full Work Group are invited to participate in the meetings of either or both of the two subcommittees.
9. Upon request by the co-chairs and subcommittee chairs, all state agencies are directed to assist the Work Group with accomplishing the directives previously set forth, including the Cabinet for Economic Development, the Education and Workforce Development Cabinet, the Kentucky Higher Education Assistance Authority, and the Office of the State Budget Director.

Please issue Commissions to the persons herein appointed to serve as members of the Work Group.

  
STEVEN L. BESHEAR, GOVERNOR  
Commonwealth of Kentucky

  
TREY GRAYSON  
Secretary of State

## APPENDIX B: GOVERNOR BESHEAR'S VISION



### HIGHER EDUCATION WORK GROUP: *Governor Beshear's Vision*

Governor Steve Beshear believes that no person in Kentucky with the drive and ability to succeed should be denied access to a college education because he or she can't afford it. He understands that the economic viability of this state, and thus the quality of life for those who live here, is unequivocally linked to the education level of our citizens.

Unfortunately today, too few Kentuckians enter college, and even fewer graduate. The barriers have become too high, and particularly as we are in the midst of an unprecedented national financial crisis, too many Kentucky families are struggling to afford to send their kids to college, and too many others are struggling to pay to keep them there.

The Governor also understands that our university and college leaders have found it difficult to plan for 2020—and thus meet the objectives of postsecondary education reform passed in 1997—because of the sporadic nature of state funding. Year to year, we have not been consistent in delivering the support needed.

To those ends, Governor Beshear has formed a new broad-based, bipartisan Work Group, composed of business leaders, higher education policy experts, key legislators, and senior Beshear Administration officials. The Governor has charged this Work Group with the following responsibilities:

- + By January 15, 2009, prepare for the Governor, General Assembly, and the new CPE President, a package of recommended executive actions and legislative proposals that would, within current budget constraints:
  - 1) Provide financial relief to Kentucky families by controlling expenses associated with attending college;
  - 2) Promote coherency and efficiency in the delivery of financial aid; and
  - 3) Potentially secure cost savings that could be shifted to provide more financial aid for low to middle-income students.
  
- + By September 1, 2009, prepare for the Governor and the 2010 Regular Session of the General Assembly comprehensive legislative proposals that would:
  - 1) Move the state closer towards the goal of ensuring access to postsecondary education to all Kentucky students, of all income levels; and
  - 2) Develop a clear roadmap for reaching the level of state funding needed between now and 2020 for the institutions to achieve the goals of reform. This roadmap should ensure transparency and fairness in determining state support, and provide that, in exchange for stable and increased funding, the CPE and the institutions would continue to increase productivity and back off from the high rate of tuition increases adopted in the last decade.



# HIGHER EDUCATION WORK GROUP: *Members and Advisors*

## **CO-CHAIRS:**

Mira Ball, Chief Financial Officer, Ball Homes, Lexington  
Pete Mahurin, Senior Vice President, Hilliard Lyons, Bowling Green

## **BUSINESS COMMUNITY:**

Joan Coleman, President, AT & T Kentucky, Louisville  
David Grissom, Chairman, Mayfair Capital, Louisville  
Jean Hale, Chairman & CEO & President, Community Trust Bank Corp, Pikeville  
Ed Holmes, President, EHI Consultants, Lexington  
Alice Houston, President & CEO, Houston-Johnson, Inc., Louisville;  
Ronnie James, President & CEO, James Marine, Paducah  
Robert Lekites, President, UPS Airlines, Louisville  
Jim O'Brien, Chairman & CEO, Ashland Inc., Covington  
Ben Richmond, President, Louisville Urban League  
Steve St. Angelo, President, Toyota Kentucky, Georgetown  
Vic Staffieri, CEO, Chairman & President of EON, Louisville

## **EXECUTIVE BRANCH:**

The Honorable Crit Luallen, Auditor of Public Accounts  
Larry Hayes, Executive Secretary of the Governor's Cabinet  
Helen Mountjoy, Secretary, Education and Workforce Cabinet  
Jonathan Miller, Secretary, Finance and Administration Cabinet

## **GENERAL ASSEMBLY:**

*Designees of:*  
The President of the Senate  
The Speaker of the House  
The Senate Minority Leader  
The House Minority Leader

## **HIGHER EDUCATION:**

The Honorable Paul Patton, former Governor  
Gary Cox, President, Association of Independent Colleges and Universities  
Richard Crofts, Interim President, Council on Postsecondary Education  
Edward Cunningham, CEO, Kentucky Higher Education Assistance Authority

## **PRESIDENTS' ADVISORY COMMITTEE:**

Wayne Andrews, President Morehead State University  
Michael Carter, President, Campbellsville University  
Randy Dunn, President, Murray State University  
Cheryl King, President, Kentucky Wesleyan College  
Michael McCall, President, Kentucky Community and Technical College System  
James Ramsey, President, University of Louisville  
Gary Ransdell, President, Western Kentucky University  
Larry Shinn, President, Berea College  
Mary Evans Sias, President, Kentucky State University  
Lee Todd, President, University of Kentucky  
James Votruba, President, Northern Kentucky University  
Doug Whitlock, President, Eastern Kentucky University

## **APPENDIX C: MEMBERSHIP OF THE AFFORDABILITY AND STRATEGIC PLANNING SUBCOMMITTEES**

### **Affordability Subcommittee**

#### **Chair: Secretary Jonathan Miller**

Mira Ball, HEWG Co-Chair  
Gary Cox  
Richard Crofts  
Edward Cunningham  
David Grissom  
Alice Houston  
Robert Lekites  
Auditor Crit Luallen  
Pete Mahurin, HEWG Co-Chair  
Secretary Helen Mountjoy  
Jim O'Brien  
Governor Paul Patton  
Ben Richmond  
Representative Carl Rollins  
Amy Scarborough  
Senator Tim Shaughnessy  
Steve St. Angelo

### **Strategic Planning Subcommittee**

#### **Chair: Secretary Larry Hayes**

Mira Ball, HEWG Co-Chair  
Gary Cox  
Richard Crofts  
David Grissom  
Jean Hale  
John Hicks  
Edward Holmes  
Representative Jeff Hoover  
Auditor Crit Luallen  
Governor Paul Patton  
Representative Carl Rollins  
Amy Scarborough  
Senator Tim Shaughnessy  
Vic Staffieri  
Senator Kenneth Winters

## APPENDIX D: PRELIMINARY RECOMMENDATIONS



### *Governor Steve Beshear's* **HIGHER EDUCATION WORK GROUP**

#### **Governor's Higher Education Workgroup Affordability Subcommittee**

#### **PRELIMINARY DRAFT RECOMMENDATIONS: FOR DISCUSSION ONLY**

##### For Immediate Action

1. Develop a plan for a comprehensive, one-stop, consumer-friendly Web site for prospective college students, bringing together all college affordability and access resources. Special sections of the site should address the needs of military families, adults returning to school, and transfer students.
2. Provide more transparency to incoming students on what college will actually cost, including tuition, room and board, textbooks, transportation, and other incidentals.
  - a. Better distinguish for students and their parents between the published cost of attendance ("sticker price") and the actual cost most students pay for their education
  - b. Develop a standardized methodology for public universities to use when calculating total cost of attendance.
  - c. Require the CPE and institutions to supply appropriate college cost and expenditure data to the state's new e-transparency Web site, Open Door Kentucky. This information should also be included on the one-stop college affordability Web site, college Web sites, and other publications aimed at prospective college students.
3. Declare February as college access month in Kentucky as part of a Governor-led public service campaign, bringing public attention to the importance of a college education and the state and federal resources that make college affordable.
4. Develop a partnership among the state, postsecondary institutions, and the business and civic communities to provide assistance to students and families in filling out the FAFSA and accessing state and Federal grants and tax credits. To help implement this recommendation, pilot a college access corps, which involves college students and recent college graduates in mentoring high school

students, particularly those from low-income families. This may include use of social networking tools.

5. Charge the Council on Postsecondary Education to work with public universities, KCTCS, independent colleges and universities, and state agencies to increase collaboration and participation in consortia and other joint agreements to contain costs and increase the purchasing power on various goods and services regularly purchased by postsecondary education institutions.
6. Encourage public colleges and universities to expand campus employment opportunities for students, helping them contribute to the cost of their education.
7. Provide more high school students with an opportunity to participate in online, tuition-free dual credit programs.
8. Require all Kentucky resident full- and part-time students to submit a Free Application for Student Financial Aid (FAFSA) as a condition of receipt of all institutional, state, and federal need and merit-based financial aid, including tuition waivers.
9. Urge Congress and the Federal Government to greatly simplify the FAFSA form and pledge that in return, Kentucky's postsecondary institutions and state financial aid agency will not adopt additional forms or requirements for need-based aid.
10. Prohibit the practice of scholarship stacking, limiting financial aid awards to the total cost of attendance.
11. Explore strategies to better manage the rising cost of textbooks and promote greater transparency and predictability for students and families around textbook costs. (This recommendation will be more fully developed in the recommendations from the student advisory committee).
12. Encourage businesses to provide educational benefits (i.e. tuition remission, contributions to college saving accounts, workplace college-level education offerings) to their employees.
13. Ensure that hours earned through credit by exam options (i.e. CLEP) are accepted by public postsecondary institutions. CLEP, used extensively by military personnel and other adult learners, is a low cost alternative to rising college tuition and can accelerate time to degree.

Recommended studies for purposes of September 1 report:

1. Undertake a comprehensive review of Kentucky's state financial aid programs to assure that the system adequately meets the financial needs of Kentucky students; is transparent and well understood; is predictable and relatively simple; rewards academic success and degree completion; does not unduly saddle students with debt after college; encourages development and participation in innovative program delivery; promotes choice among institutions, public and private; and provides students and families early in a student's K-12 career with a clear assurance that funding will be made available.
2. Conduct a thorough review of time and credit to degree issues, with recommendations for getting more students to graduate in four years and within their program's credit hour requirements. Review strategies to encourage acceleration through the system including dual enrollment, open entry/open exit, online courses and completion in less than usual program time.
3. Identify efficiencies that could be achieved among affordability and outreach programs at various state agencies, with recommendations for streamlining functions, programs and services.
4. Conduct a comprehensive study of the transferability of credits, from two- to four-year programs and among the four-year institutions.

## **APPENDIX E: PRESIDENTS' ADVISORY COMMITTEE RECOMMENDATIONS DECEMBER 16, 2008**

The Presidents' Advisory Committee by general consensus supports the following recommendations for consideration by the Affordability Subcommittee:

- Consider a student financial aid policy for public postsecondary institutions that ensures the state has primary responsibility for need-based aid while the institutions have primary responsibility for merit-based aid.
- Undertake a thorough study of the effectiveness of the state's financial aid programs, including the Kentucky Educational Excellence Scholarship program, to ensure the state's limited resources are targeted to students with the greatest financial need and focused on student access and success.
- As a condition of receiving institutional, state, or federal need-based or merit-based financial aid, require Kentucky students to file a Free Application for Federal Student Aid (FAFSA). Provide more assistance to students and families in completing the form.
- Better distinguish for students and their parents between the published cost of attendance ("sticker price") and the actual cost most students pay for their education. Widely publicize this message on the state's college access outreach Web site, the institutions' Web sites, through early college awareness activities and materials, and other communications channels.
- Develop policies at public postsecondary institutions to ensure students are not awarded financial aid packages (including waivers, merit-based and need-based aid) in excess of the total cost of attendance ("stacking"). This would allow limited financial aid resources to be directed to more students, as well as to students with the greatest financial need.
- In addition to measures already taken by the institutions, explore further opportunities for producing efficiencies and savings through statewide purchasing consortia, centralization of some university functions, shared resources or programs, and other cost containment strategies.
- Explore measures to encourage or reward students who finish a bachelor's degree program in four years and/or within their program's credit hour requirement. Possibilities include refundable loans, tuition reductions, or other incentives for students who make timely progress through the postsecondary education system.
- Research best practices in improving and expanding work study and other campus employment opportunities for students.
- Undertake a review of tuition waivers required by statute to ensure they are not replacing or duplicating any federal or state aid program that may be available to students. Adopt a moratorium on new tuition waivers until this review is complete.
- Urge the Governor, Kentucky's congressional delegation, and other federal officials to press for simplification of the FAFSA form. Pledge that neither the state nor the institutions will adopt additional forms or requirements to augment a streamlined form.

## **APPENDIX F: STUDENT ADVISORY COMMITTEE RECOMMENDATIONS DECEMBER 17, 2008**

The Student Advisory Committee by general consensus supports the following recommendations for consideration by the Affordability Subcommittee:

**Explore strategies to strengthen the market for used textbooks, which comprise only 25-30 percent of the textbook market, but are typically 25 percent less expensive.**

- Increase communication between campus bookstores and faculty regarding text selection options and ordering procedures.
- Make faculty aware of the monetary effects of switching editions, using different textbooks, and ordering bundled materials.
- Determine the feasibility of guaranteed buy-back programs, which identify for students at the time of purchase which texts the campus bookstore will accept for buy-back.
- Encourage students and institutions to develop online book swaps, which connect student buyers and sellers directly.

**Establish guidelines or principles for textbook selection that can minimize price increases.**

- Retain textbooks for a longer period of time and archive older editions for student use.
- Be aware of price when making textbook selections.
- Consider less expensive alternatives that take advantage of 21st century technology (e.g., electronic textbooks, open education resources, print on demand, electronic readers, online collections of educational content, and other “no frills” options and formats).
- Use the same textbook for multiple courses when possible.

**Provide information on textbook costs to students and parents earlier in the process.**

- Send price information on textbooks before the term starts.
- Following the lead of Nevada State College, Portland State University, and Georgia Institute of Technology, post all syllabi, textbook lists, and ISBNs online when students are registering for classes (this can also help reduce inefficient “course shopping” by students).
- When possible, make textbook lists available to local off-campus bookstores, fostering increased competition between bookstores and helping students get the best price.

**Increase the availability of free library resources or textbook rental programs.**

- Create textbook reserve programs and lending libraries, which allow students to borrow course materials for free.
- Increase faculty use of E-reserves and other low-cost alternatives.
- Increase donations of textbooks to libraries.

**As part of a comprehensive study of state financial aid programs, explore the feasibility of offering financial assistance for textbooks, which could be in the form of state tax credits or emergency vouchers.**

## **APPENDIX G: LETTER FROM THE COALITION OF SENATE AND FACULTY LEADERSHIP**

TO: Steven L. Beshear, Governor, State of Kentucky  
Mira Ball, Co-chair Higher Education Work Group  
Pete Mahurin, Co-chair Higher Education Work Group  
Jonathan Miller, Secretary, Chair Affordability Subcommittee  
Larry Hayes, Secretary, Chair Strategic Planning Subcommittee

FROM: Coalition of Senate and Faculty Leadership for Higher Education (COSFL)

RE: Governor Steve Beshear's Higher Education Work Group

DATE: December 12, 2008

COSFL supports fully the priorities of the Affordability Subcommittee of the Higher Education Work Group, including:

1. fundamentally rethinking Kentucky's financial aid programs.
2. enhancing state level coordination of student financial aid policy development and administration.
3. conducting a comprehensive review of time and credit to degree.
4. expanding partnerships with the business community to improve college access.
5. improving opportunities for adult learners.
6. establishing an intensive public/private outreach effort to enable more Kentuckians to access existing higher education financial aid dollars, with a focus on low- and moderate-income students and military veterans.
7. improving the transparency and predictability of non-tuition related costs of higher education.
8. exploring cost containment strategies for both students and institutions.

COSFL, in addition to the above broad principles, supports the following:

1. a strengthened working relationship between the CPE and institutions.
2. a formula that allows the colleges to budget consistently over a five-year period.
3. the development of policies and methods statewide to facilitate transfers between institutions, particularly for those students advancing to four-year institutions from the community colleges.
4. enhanced methods of streamlining access to higher education for adult learners and nontraditional students.
5. improved communication to parents, incoming freshmen, and transfers on how to fill out financial aid forms.
6. funding for currently unfunded mandates such as "Double the Numbers."

Further, COSFL members, both collectively and individually, pledge to do all they can to assist the Higher Education Work Group in fulfilling its mission. We ask the Work Group to call on us as an organization or separately as individuals to do whatever you need us to do. We also pledge to inform our campuses of the work of the Work Group and to give feedback from the faculty perspective.

Signed,

Dr. Peggy Pittman Munke, Chair of COSFL, Representative from Murray State University  
(p.pittman-munke@murraystate.edu)

Dr. Nancy J. McKenney, Secretary of COSFL, Representative from Eastern Kentucky University  
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Dr. Bob Staat, Vice Chair, UofL Faculty Senate  
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Dr. Thomas J. McPartland, Representative from Kentucky State University  
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Carol Bredemeyer, Representative from Northern Kentucky University  
(bredemeyer@nku.edu)

## GLOSSARY

**Advisory Conference of Presidents** - A body established by Kentucky statute to advance the concerns of higher education leadership. Membership includes all of the presidents of Kentucky's public universities, the president of KCTCS, and the president of AIKCU.

**AIKCU** - Association of Independent Kentucky Colleges and Universities, which serves as the collective voice of independent (private) colleges and universities in Kentucky. AIKCU represents its member institutions in public policy issues related to higher education at the state and federal levels, raises funds for student scholarships, and facilitates information sharing and collaboration among higher education institutions in Kentucky.

**Bundling** - A marketing strategy that involves offering several products for sale as one combined product. In the case of college textbooks, supplemental materials like workbooks and CD-ROMs are shrink-wrapped with the textbook, thereby raising the price.

**CAP** - The College Access Program, administered by KHEAA and funded by Kentucky Lottery proceeds, awards grants that help financially needy undergraduate students attend eligible public and private colleges and universities, proprietary schools, and technical colleges. CAP grants are awarded to Kentucky residents enrolled for at least six semester hours (half-time) in academic programs that take at least two years to complete.

**CLEP** - College Level Examination Program, administered by the College Board, gives students the opportunity to receive college credit by earning qualifying scores on any of 34 examinations.

**Comprehensive universities** - Also called regional universities, these include the following public institutions: Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, and Western Kentucky University.

**COSFL** - Coalition of Senate and Faculty Leadership, a statewide forum representing the eight public institutions of higher education in Kentucky and KCTCS. It was formed July 13, 1979, as a collective advocacy body of public higher education faculties and meets monthly.

**CPE** - The Council on Postsecondary Education, the state coordinating board for postsecondary and adult education in Kentucky, is a 16-member board appointed by the Governor and assisted by agency staff.

**Double the Numbers** - A plan developed by the CPE to double the number of bachelor's degree holders in Kentucky from about 400,000 in 2000 to nearly 800,000 in 2020.

**FAFSA** - Free Application for Federal Student Aid, the form prospective and enrolled college students submit every year to determine eligibility for federal student financial aid (including Pell grants, Stafford loans, PLUS loans, and work-study programs).

**GED** - The GED exam, administered by the General Educational Development Testing Service, offers students who drop out of high school an opportunity to earn a credential equivalent to the high school diploma.

**ISBN** - International Standard Book Number, a code used to uniquely identify a book that encodes the book's publisher and includes information about its language of authorship.

**KCTCS** - Kentucky Community and Technical College System, created in 1997 by the *Kentucky Postsecondary Education Improvement Act*, which comprises 16 community and technical colleges on 67 campuses across the state. KCTCS is governed by a 14-member Board of Regents, assisted by system office staff.

**KEES** - Kentucky Educational Excellence Scholarship, administered by KHEAA and funded by Kentucky Lottery proceeds, which is awarded to high school students who have earned at least a 2.5 grade point average in high school and attend in-state colleges and universities. The actual amount of the award is based on a combination of the student's grade point average and score on the ACT. The scholarship is renewable for four years, provided the student maintains his or her eligibility.

**Kentucky Postsecondary Education Improvement Act of 1997** - Also referred to as "House Bill 1," the Act reformed postsecondary education in Kentucky by creating the KCTCS and establishing six goals to be achieved by the year 2020. The goals include a charge to the University of Kentucky to become a top 20 public research university and to the University of Louisville to become a premier metropolitan research university.

**KHEAA** - Kentucky Higher Education Assistance Authority, a public corporation and governmental agency of the Commonwealth established in 1966 to improve students' access to higher education. To that end, KHEAA administers several financial aid programs and disseminates information about higher education opportunities.

**KHESLC** - Kentucky Higher Education Student Loan Corporation, also called The Student Loan People, created in 1978 as an independent, municipal corporation to make, finance, service, and collect educational loans. Its mission is to provide low-cost student loans, and it transfers millions of dollars to KHEAA each year to help fund student aid programs.

**KTG** - The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky residents to attend the Commonwealth's independent (private) colleges. Eligible institutions must be accredited by a regional accrediting association as listed in Kentucky statute KRS 164.740(17) and not be comprised solely of religious instruction.

**OpenDoor Web site** - A Web site (<http://opendoor.ky.gov>) that allows Kentuckians the opportunity to find out how their tax dollars are being applied to move the Commonwealth forward. The Web site grew out of a bipartisan, multi-agency effort led by Governor Steve Beshear to provide a more transparent, accountable state government.

**Pell grant** - The federal Pell grant program provides need-based grants to low-income undergraduate and certain post-baccalaureate students to promote access to postsecondary education. Grant amounts depend on the student's expected family contribution (EFC); the cost of attendance (as determined by the institution); the student's enrollment status (full-time or part-time); and whether the student attends for a full academic year or less.

**Post-9/11 Veterans Educational Assistance Act of 2008** - Title V of the *Supplemental Appropriations Act of 2008*, an Act of Congress which became law on June 30, 2008. Beginning in August 2009, the Act will expand the educational benefits for military veterans who have served since September 11, 2001. At various times the new education benefits have been referred to as the Post-9/11 GI Bill, the 21st Century G.I. Bill of Rights, or the Webb G.I. Bill, with many current references calling it simply the new G.I. Bill.

